

MediaTek Inc. Reports Second-Quarter Consolidated Results

MediaTek discloses Taiwan-International Financial Reporting Standards (TIFRS) financial measures and also provides Non-Taiwan-International Financial Reporting Standards (Non-TIFRS)^{Note1} financial measures as supplemental information. Non-TIFRS financial information should be considered in addition to, not as a substitute for, TIFRS financial information. Earnings distribution is made in accordance with financial statements based on TIFRS.

Taiwan-International Financial Reporting Standards (TIFRS) financial measures

- 2Q23 consolidated revenue of NT\$98,135 million, up 2.6% quarter over quarter and down 37% year-over-year
- 2Q23 consolidated gross margin of 47.5%, down 0.5 percentage points quarter over quarter and 1.8 percentage points year-over-year
- 2Q23 consolidated net income of NT\$16,019 million; EPS of NT\$10.07

Consolidated Revenue

MediaTek Inc. today announced financial results of second-quarter ended June 30, 2023. The second-quarter revenue was NT\$98,135 million, up 2.6% sequentially and down 37% year-over-year. The quarter-over-quarter increase was mainly due to improvements in demand for certain consumer electronics. The year-over-year decrease was mainly due to customers' inventory adjustments across all product lines caused by weak end demand.

Consolidated Gross Profit and Gross Margin

The second-quarter gross profit was NT\$46,646 million, up 1.6% sequentially and down 39.2% year-over-year. Gross margin for the quarter was 47.5%, down 0.5 percentage points from the previous quarter and 1.8 percentage points from the year-ago quarter. The quarter-over-quarter and year-over-year decreases reflected changes in prices and costs of our products.

Consolidated Operating Expenses

Operating expenses for the quarter was NT\$31,896 million (32.5% of revenue), compared with NT\$31,543 million (33% of revenue) in the previous quarter and NT\$37,583 million (24.1% of revenue) in the same period last year. Operating expenses for the quarter were nearly flat compared to the previous quarter. The year-over-year decrease was mainly due to lower employee profit sharing expenses in this quarter.

Operating expenses for the quarter included:

- R&D expenses of NT\$26,188 million (26.7% of revenue), decreased from NT\$26,483 million in the previous quarter and NT\$30,180 million in the year-ago quarter.
- Selling expenses of NT\$3,375 million (3.4% of revenue), increased from NT\$2,699 million in the previous quarter and decreased from NT\$3,636 million in the year-ago quarter.

Note1: Non-TIFRS financial information should be considered in addition to, not as a substitute for, TIFRS financial information. Reconciliations between TIFRS and Non-TIFRS results include share-based compensation, amortization of acquisition related assets, tax effect and other items. Further information is included in supplemental information.

- Administration expenses of NT\$2,333 million (2.4% of revenue), decreased from NT\$2,361 million in the previous quarter and NT\$3,768 million in the year-ago quarter.

Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$14,751 million, up 2.7% sequentially and down 62.4% year-over-year. Operating margin for the quarter was 15%, the same as the previous quarter and down from 25.2% in the year-ago quarter.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income for the quarter was NT\$3,620 million, or 3.7% of revenue, mainly from interest income and dividend income. Income tax expense for the quarter was NT\$2,351 million.

Consolidated Net Income, Net Profit Margin and EPS

Net income for the quarter was NT\$16,019 million, down 5.2% sequentially and 55% year-over-year. Net profit margin for the quarter was 16.3%, decreased from 17.7% in the previous quarter and 22.9% in the year-ago quarter. EPS was NT\$10.07, down from NT\$10.64 in the prior quarter and NT\$22.39 in the year-ago quarter. The quarter-over-quarter decreases in net income, net profit margin and EPS were mainly due to higher non-operating income last quarter. The year-over-year decreases in net income, net profit margin and EPS were mainly due to lower revenue and gross margin in this quarter.

Consolidated Cash and Financial Assets-Current

Cash and financial assets-current at the end of the quarter was NT\$192,428 million. This represents 29.1% of the company's total assets. Cash and financial assets-current was NT\$154,710 million and NT\$256,547 million at the end of previous quarter and the year-ago quarter, respectively. Financial assets-current portfolio includes mutual funds, bonds, derivatives and so on.

Consolidated Accounts Receivable

Accounts receivable (net) at the end of the quarter was NT\$45,639 million. The accounts receivable turnover was 43 days based on quarterly average net receivables divided by annualized net revenue. The turnover was higher than 42 days in the previous quarter and 37 days in the year-ago quarter.

Consolidated Inventory

Net inventory at the end of the quarter was NT\$61,067 million. The inventory turnover was 115 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was lower than 128 days in the previous quarter and higher than 104 days in the year-ago quarter.

Consolidated Cash Flow from Operations

Net cash provided by operating activities during the quarter was NT\$46,732 million, compared with NT\$2,858 million in the previous quarter and NT\$35,554 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (July 28). Materials for the conference call will be published 30 minutes prior to the call and an audio replay will be available in one hour after the call at the investors section of MediaTek's website.

<https://corp.mediatek.com/investor-relations/financial-information/quarterly-earnings>

Schedule:

Date: Friday, July 28, 2023

Time: 3:00 – 4:00 p.m. (Taiwan Time)

Language: English

Webcast Links:

<https://webpage-ott2b.cdn.hinet.net/webpage/live?contentProvider=mediatek>

Investors who want to raise questions may use the toll number below.

Dial-in Number: +852-21121444 / +886-2-33961191

Password: 9909528#

About MediaTek Inc.

MediaTek Incorporated (TWSE: 2454) is a global fabless semiconductor company that enables nearly 2 billion connected devices a year. We are a market leader in developing innovative systems-on-chip (SoC) for mobile device, home entertainment, connectivity and IoT products. Our dedication to innovation has positioned us as a driving market force in several key technology areas, including highly power-efficient mobile technologies, automotive solutions and a broad range of advanced multimedia products such as smartphones, tablets, digital televisions, 5G, Voice Assistant Devices (VAD) and wearables. MediaTek empowers and inspires people to expand their horizons and achieve their goals through smart technology, more easily and efficiently than ever before. We work with the brands you love to make great technology accessible to everyone, and it drives everything we do. Visit www.mediatek.com for more information.

Taiwan-International Financial Reporting Standards (TIFRS)

MediaTek Inc. Consolidated Income Statement (Unaudited)

(In NT\$ millions, except EPS)	2Q23	1Q23	2Q22	Q-Q	Y-Y
Net Sales	98,135	95,652	155,730	2.6%	(37.0%)
Operating costs	(51,489)	(49,739)	(78,966)		
Gross profit	46,646	45,912	76,764	1.6%	(39.2%)
Selling expenses	(3,375)	(2,699)	(3,636)		
Administration expenses	(2,333)	(2,361)	(3,768)		
R&D expenses	(26,188)	(26,483)	(30,180)		
Operating expenses	(31,896)	(31,543)	(37,583)		
Operating income	14,751	14,369	39,181	2.7%	(62.4%)
Net non-operating income	3,620	4,735	1,756		
Net income before income tax	18,370	19,104	40,937		
Income tax expense	(2,351)	(2,213)	(5,325)		
Net income	16,019	16,890	35,612	(5.2%)	(55.0%)
Owners of the parent	15,965	16,874	35,437	(5.4%)	(54.9%)
Non-controlling interests	54	17	175		
EPS attributable to the parent(NT\$)	10.07	10.64	22.39		
Average Exchange Rate - USD/NTD	30.70	30.40	29.44		

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	2Q23	1Q23	2Q22
Gross profit	47.5%	48.0%	49.3%
Selling expenses	(3.4%)	(2.8%)	(2.3%)
Administration expenses	(2.4%)	(2.5%)	(2.4%)
R&D expenses	(26.7%)	(27.7%)	(19.4%)
Operating income	15.0%	15.0%	25.2%
Non-operating income	3.7%	5.0%	1.1%
Income tax expense	(2.4%)	(2.3%)	(3.4%)
Net income	16.3%	17.7%	22.9%

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	2Q23	1Q23	2Q22
Cash & financial assets-current	192,428	154,710	256,547
Accounts receivable	45,639	46,311	61,899
Inventories	61,067	69,265	91,410
Other current assets	19,005	21,173	14,579
Funds and investments	149,829	131,226	124,679
Intangible assets	81,053	78,375	73,662
Other non-current assets	111,663	111,326	107,966
Total assets	660,684	612,385	730,742
Short-term loans	4,450	4,600	41,291
Accounts payable	29,555	21,169	45,328
Other current liabilities	233,801	221,138	234,301
Total non-current liabilities	26,461	26,506	17,026
Total equity	366,417	338,972	392,797

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Cash Flow Summary (Unaudited)

(In NT\$ millions)	2Q23	1Q23	2Q22
Net cash provided by (used in) operating activities	46,732	2,858	35,554
Net cash provided by (used in) investing activities	(11,262)	(9,955)	(12,678)
Net cash provided by (used in) financing activities	(321)	667	(19,712)
Effect of changes in exchange rate on cash and cash equivalents	3,249	(1,375)	4,621
Net increase (decrease) in cash and cash equivalents	38,398	(7,806)	7,785
Cash and cash equivalents at the end of the period	178,094	139,696	238,218

Note: Sums may not equal totals due to rounding.

【Supplemental Information】

Reconciliations of TIFRS Results to Non-TIFRS Results^{Note2}

(In NT\$ millions)

		2Q23	1Q23	2Q22	Q-Q	Y-Y
TIFRS	Operating income	14,751	14,369	39,181	2.7%	(62.4%)
	Operating income margin(%)	15.0%	15.0%	25.2%		
Reconciliations	Share-based compensation	561	566	1,248		
	Amortization of acquisition related assets	119	126	90		
Non-TIFRS	Operating income	15,430	15,061	40,519	2.5%	(61.9%)
	Operating income margin (%)	15.7%	15.7%	26.0%		

TIFRS	Net income	16,019	16,890	35,612	(5.2%)	(55.0%)
	Net income margin(%)	16.3%	17.7%	22.9%		
	Net income- Owners of the parent	15,965	16,874	35,437	(5.4%)	(54.9%)
	EPS(NT\$)	10.07	10.64	22.39		
Reconciliations	Share-based compensation	561	566	1,248		
	Amortization of acquisition related assets	119	126	90		
	Tax effect	(94)	(94)	(185)		
Non-TIFRS	Net income	16,605	17,488	36,765	(5.1%)	(54.8%)
	Net income margin (%)	16.9%	18.3%	23.6%		
	Net income- Owners of the parent	16,526	17,449	36,569	(5.3%)	(54.8%)
	EPS(NT\$)	10.42	11.00	23.10		

Note1: Sums may not equal totals due to rounding.

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